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ABSTRACT

This speech by the director of the U.S. Agency for International Development (AID), describes AID's purposes and responsibilities and challenges teachers to consider future economic conditions of the world. Population forecasts are presented indicating that, of the 25 world's largest cities in the year 2000, only six will be located in developed nations. Specific economic impacts on the United States and on developing nations are noted if developing nations do not experience economic growth. Suggesting that nations that have market economies, open trade, and democratic systems have been the ones to advance the fastest economically, this paper explains AID's commitment to examining various countries' economic policies and to promoting the teaching of basic economic principles in U.S. classrooms. Teachers are encouraged to: (1) develop students' knowledge and interest in economics and developing nations; (2) teach the concept that, when economies are not growing, human suffering occurs; and (3) help eliminate indifference toward economic stagnation and growth in the developing world. (JHP)

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[THE IMPORTANCE OF ECONOMIC GROWTH TO DEVELOPING NATIONS]

by

Alan Woods

Paper presented at the Meeting of the
American Forum on Education and International Competence
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REMARKS OF THE A.I.D. ADMINISTRATOR

AMBASSADOR ALAN WOODS

AN AMERICAN FORUM ON EDUCATION AND INTERNATIONAL COMPETENCE

ST. LOUIS, MISSOURI

MAY 15, 1988

[The Importance of Economic Growth to Developing Nations]

IT'S GOOD TO BE HERE. ST. LOUIS IS MY HOME TOWN -- AND I HAVE TO BE CAREFUL NOT TO WAX TOO MUCH LIKE A MEMBER OF THE LOCAL JAYCEES.

- BUT A CONFERENCE OF THIS SIZE AND IMPORTANCE SPEAKS WELL OF ST. LOUIS, WHICH I KNOW PRIDES ITSELF ON ITS EDUCATIONAL SYSTEMS -- AND IT DOES A LOCAL BOY'S HEART GOOD TO SEE ALL OF YOU HERE.

IF I DIDN'T KNOW BETTER, I'D SAY A.I.D. WAS PUTTING ON THIS CONFERENCE. THE BETTER THIS COUNTRY UNDERSTANDS THE REST OF THE WORLD, I THINK THE BETTER THEY ARE GOING TO UNDERSTAND -- AND APPRECIATE -- AMERICA'S ECONOMIC ASSISTANCE PROGRAM TO DEVELOPING NATIONS.

WE'VE BEEN WORKING ON BUILDING THIS UNDERSTANDING THROUGH A SERIES OF DEVELOPMENT EDUCATION GRANTS.

- WE HAVE BEEN ABLE TO DEVELOP A NUMBER OF EDUCATIONAL MODELS AND INFORMATIONAL PROTOTYPES THAT ARE BEING USED BOTH IN SCHOOLS AND BY THE GENERAL PUBLIC.

- BUT -- AND I SUPPOSE THIS IS PREDICATABLE -- MUCH OF THIS INFORMATION IS GOING TO PEOPLE WHO ALREADY UNDERSTAND AND APPRECIATE ECONOMIC ASSISTANCE.

- AND IT'S BEING WRITTEN BY PEOPLE WHO THINK LIKE WE DO.

- NOT ONLY ARE WE PREACHING TO THE CHOIR -- THE CHOIR IS ALSO WRITING THE SERMON.

SO, WE'RE LOOKING TO INVOLVE FOLKS WHO DON'T ALWAYS AGREE WITH WHAT A.I.D. DOES AND WHY WE DO IT. ENGAGING SOME OF OUR CRITICS WILL KEEP US ON OUR TOES -- AND BE IN THE BEST INTEREST OF ECONOMIC ASSISTANCE GENERALLY.

BECAUSE A.I.D. IS A GOVERNMENT AGENCY SUPPORTED BY TAX DOLLARS -- WE'VE GOT A RESPONSIBILITY TO AMERICAN TAXPAYERS TO MAKE DEVELOPMENT INFORMATION AVAILABLE -- IN A WAY THAT IS UNDERSTANDABLE.

BUT I THINK ALL OF YOU -- ESPECIALLY THE TEACHERS IN THE AUDIENCE -- HAVE AN EVEN GREATER RESPONSIBLITY. IT'S THE RESPONSIBILITY TO THINK ABOUT WHAT THIS WORLD WE ARE LIVING IN WILL BE LIKE IN THE FUTURE.

AND MAYBE THAT'S WHERE ANY EDUCATION PROGRAM ABOUT THE DEVELOPING NATIONS SHOULD START -- NOT WITH THE PAST OR THE WAY THINGS ARE NOW -- BUT THE WAY THINGS WILL BE.

THE UNITED NATIONS FUND FOR POPULATIONS ACTITIVIES DID A FORECAST RECENTLY ON POPULATION TRENDS THAT IS ABSOLUTELY ASTOUNDING.

- IN 1985 ALONE THERE WERE 72 MILLION MORE BIRTHS THAN DEATHS IN THE DEVELOPING WORLD -- THAT MEANS THAT POPULATION GREW BY THAT MUCH -- IN ONE YEAR.

- DURING THAT SAME YEAR IN THE DEVELOPED COUNTRIES POPULATION ONLY GREW BY 7 MILLION.

- AND THERE REALLY ISN'T ANY SIGN OF POPULATION RATES SLOWING DOWN IN DEVELOPING NATIONS UNTIL WE'RE WELL INTO THE TWENTY-FIRST CENTURY.

BY THE YEAR 2000, WE'RE GOING TO BE A WORLD OF SUPERCITIES.

- IT'S PROJECTED THAT THERE WILL BE 48 CITIES WITH MORE THAN 5 MILLION PEOPLE BY THE YEAR 2000 -- THAT'S 48 CITIES WITH AS MANY PEOPLE AS THE WHOLE STATE OF MISSOURI.

- THERE WERE ONLY 10 CITIES OVER 5 MILLION IN 1940.

- SOME CITIES, LIKE MEXICO CITY AND SAO PAULO WILL HAVE MORE THAN 20 MILLION PEOPLE.

IF YOU LOOK AT THE PROJECTIONS FOR WHERE THE 25 LARGEST CITIES WILL BE IN THE YEAR 2000 -- ONLY 6 ARE IN THE DEVELOPED WORLD: LOS ANGELES, LONDON, TOKYO, NEW YORK, OSAKA, AND MOSCOW.

BECAUSE POPULATION IS GROWING SO QUICKLY IN DEVELOPING NATIONS -- AND BECAUSE IT IS VIRTUALLY STANDING STILL IN EUROPE AND JAPAN -- THE IMPLICATIONS FOR AMERICA'S OWN ECONOMY ARE, I THINK, PRETTY OBVIOUS.

AS WE BECOME A MORE PRODUCTIVE SOCIETY -- PRODUCING MORE GOODS, MORE EFFICIENTLY -- IN ORDER FOR OUR ECONOMY TO GROW, WE'VE GOT TO BE ABLE TO SELL THESE PRODUCTS SOMEWHERE -- AND IT CAN'T BE JUST TO EUROPE AND JAPAN. WE HAVE TO LOOK TO THE DEVELOPING NATIONS.

BUT IN ORDER FOR THESE COUNTRIES TO BECOME CUSTOMERS, THEY HAVE TO HAVE SOME PURCHASING POWER -- AND HELPING TO CREATE AND ENHANCE THIS BUYING POWER IS REALLY WHAT DEVELOPMENT IS ALL ABOUT.

ON THE OTHER HAND, WHAT WILL OCCUR TO THIS COUNTRY AND TO THE DEVELOPING WORLD IF THESE COUNTRIES DON'T EXPERIENCE ECONOMIC GROWTH?

FROM AMERICA'S STANDPOINT, IT WILL CERTAINLY MEAN DECLINING TRADE AND FEWER JOB OPPORTUNITIES IN THE UNITED STATES.

- TODAY, DEVELOPING NATIONS IMPORT 40 PERCENT OF OUR EXPORTS -- AND ARE OUR FASTEST GROWING MARKET FOR AGRICULTURAL PRODUCTS.

- THE RULE OF THUMB ACCORDING TO THE COMMERCE DEPARTMENT IS THAT EVERY BILLION IN TRADE GENERATES 25,000 AMERICAN JOBS --

- SO, IF OUR TRADE WITH DEVELOPING NATIONS DRYS UP -- SO WILL A LOT OF PEOPLE'S PAYCHECKS.

BUT THE EFFECT HERE IN THIS COUNTRY PALES IN COMPARISON TO THE EFFECT SLOW OR NEGATIVE GROWTH WILL HAVE ON PEOPLE BEING BORN IN THE DEVELOPING WORLD TODAY.

- FRANKLY, IT'S THE CHILDREN WHO WON'T SURVIVE --

- BECAUSE UNLESS ECONOMIES GROW -- DEVELOPING NATIONS, PARTICULARLY THOSE THAT ARE IMPOVERISHED ALREADY, WON'T BE ABLE TO AFFORD HEALTH CARE, EDUCATION, PROPER SANITATION, SAFE HOUSING -- THE LIST GOES ON.

So, what's the answer?

Looking back over the years, it's clear that nations which have market economies, open trade, and democratic systems have been the ones to advance furthest economically.

We've seen this happen in Western Europe and Japan. Today, the nations of Western Europe are sound -- they are our strongest allies. They are also leading consumers of U.S. exports.

We've seen similar successes in countries that were once food aid recipients. With strong growth -- growth that outshines anything developed nations have been able to muster -- they are now some of our best customers:

- Korea, for example, now buys more agricultural products from us in one year than what we gave them in 25 years of food aid.

Market economies naturally encourage broad economic participation -- more people are out there working and earning money.

- THAT'S BECAUSE MARKET ECONOMIES CREATE JOBS--

- AND SPARK NEW BUSINESS OPPORTUNITIES -- AND THAT'S WHAT LEADS TO NEW TRADE OPPORTUNITIES.

FOR THIS REASON, A.I.D.'S STARTING POINT IS A COUNTRY'S ECONOMIC POLICIES. WHERE THEY ARE OFF-BASE -- WHERE THEY ARE NOT ALLOWING PEOPLE TO PARTICIPATE IN THE ECONOMY AND EARN MORE MONEY -- WE'VE GOT A RESPONSIBILITY TO WORK WITH THAT COUNTRY TO HELP CHANGE THOSE POLICIES.

WHICH BRINGS UP SOMETHING ELSE I WOULD INCLUDE IF I WERE TEACHING ECONOMIC ASSISTANCE 101 -- IT'S THAT THE SUCCESS OR FAILURE OF ECONOMIC ASSISTANCE DEPENDS ON THE KIND OF ECONOMY THAT'S BEING ASSISTED.

FOR THIS REASON, IT'S IMPORTANT THAT PROGRAMS AND MATERIALS DESIGNED TO TEACH PEOPLE ABOUT THE DEVELOPING WORLD ALSO TEACH THEM SOME BASIC ECONOMIC PRINCIPLES.

TAKE AN ISSUE LIKE PRICE CONTROLS.

- MANY DEVELOPING COUNTRIES PLACE CONTROLS ON STAPLE FOOD ITEMS. THEY KEEP THE PRICES ARTIFICIALLY LOW, CREATING A SUBSIDY SYSTEM SO CITY DWELLERS DON'T HAVE TO PAY AS MUCH FOR FOOD.

- ONE OF THE REASONS GOVERNMENTS DO THIS IS THAT CITIES ARE WHERE THE PEOPLE ARE -- AND WHERE THE VOTES ARE NEEDED TO WIN THE NEXT ELECTION.

- BUT WHAT THIS DOES IS CREATE A <u>DISINCENTIVE</u> FOR FARMERS TO PRODUCE FOOD.

- IN COUNTRIES THAT DEPEND ON THEIR AGRICULTURAL SECTOR TO SPUR ECONOMIC GROWTH -- THERE'S SIMPLY NO WAY A PRICE CONTROL SYSTEM CAN DO ANYTHING BUT HURT THE ECONOMY IN THE LONG RUN.

THE MESSAGE I'D LIKE TO SEE TAKEN TO CLASSROOMS AND THE AMERICAN PUBLIC IS THAT WHEN ECONOMIES AREN'T GROWING -- REAL SUFFERING TAKES PLACE.

- People become progressively worse off --

- Advances that took years to achieve start eroding.

- Health facilities that were built in the last decade that haven't been opened -- because there's no money to run them and staff them.

- Even if there are food surpluses one year, there isn't any money to build storage facilities to keep food for lean years.

- And in the area of education -- educational resources haven't kept pace with population growth.

  -- In parts of Africa, for example, on average eight children share one book --

  -- And there are 40 children for every one piece of furniture.

  -- And in Asia and Africa combined barely two dollars per child is available for instructional materials of all kinds.

I'M NOT SUGGESTING THIS IS AN EASY IDEA TO GET ACROSS. IT'S EASIER TO RELATE TO SICK PEOPLE THAN SICK ECONOMIES.

I KNOW HOW HARD IT CAN BE. . .

- GOING FROM AN ORAL REHYDRATION CLINIC -- WHERE KIDS WITH DIARRHEA ARE TREATED, MOST OF THEM BY THEIR MOTHERS, WITH A SIMPLE SOLUTION SALTS --

- YOU LITERALLY SEE THESE CHILDREN COME BACK TO LIFE --

- AND YOU ALSO SEE THE MOTHERS TRANSFORMED IN THE PROCESS. . .

- THEN TO LEAVE AND TALK TO A CABINET MINISTER ABOUT PRICE CONTROLS --

BUT OVER THE LONG TERM, MORE PEOPLE WILL BE SAVED IF WE LEARN HOW TO GET THE RIGHT ECONOMIC IDEAS ACROSS TO POLICY MAKERS THAN WILL BE SAVED THROUGH CRISIS HEALTH INTERVENTIONS.

- AM I SUGGESTING WE SHOULD ABANDON OUR HEALTH PROGRAMS?

- CERTAINLY NOT. BUT, ULTIMATELY WE FAIL A SOCIETY IF WE CAN'T FIND WAYS TO SUSTAIN THOSE ELEMENTS THAT SIMPLY MAKE LIFE LESS RISKY AND MORE PRODUCTIVE AND HOPEFUL.

RIGHT NOW, ECONOMIC STAGNATION -- AND ECONOMIC GROWTH -- IN THE DEVELOPING WORLD IS MET WITH INDIFFERENCE.

- POOR GROWTH RATES DON'T GENERATE A CRY OF PUBLIC OUTRAGE.

- AND THE STATE OF DEVELOPING ECONOMIES ISN'T PART OF MANY BUSINESS UPDATES I'VE SEEN ON TV.

THAT'S A SIGN OF HOW FAR WE STILL HAVE TO COME IN THE EDUCATION PROCESS.

AND GETTING PEOPLE TO THIS LEVEL OF UNDERSTANDING AND INTEREST IN DEVELOPING COUNTRIES <u>AT AN EARLY AGE</u> IS GOING TO BE CRUCIAL. RIGHT NOW WE'VE GOT SOME CATCHING UP TO DO.

- WHEN STUDENTS THINK AFRICA IS PART OF NORTH AMERICA.

- WHEN MANY CAN'T LOCATE VIETNAM ON A WORLD MAP.

- WHEN 26 PERCENT OF WASHINGTON, D.C.'S HIGH SCHOOL STUDENTS CAN'T EVEN LOCATE THE U.S. ON A MAP.

- WHEN FOR ALL I KNOW THERE ARE FOLKS WHO THINK THAT TRINIDAD AND TOBAGO IS AN ACCOUNTING FIRM --

- THEN, YES, THIS COUNTRY HAS SOME EDUCATING TO DO AT THE MOST BASIC GEOGRAPHIC LEVEL.

AND WHEN ONLY ONE PERCENT OF THE ELEMENTARY SCHOOL STUDENTS IN THIS COUNTRY GET ANY KIND OF FOREIGN LANGUAGE TRAINING -- WHICH HELPS EXPLAIN WHY ONLY FIVE PERCENT OF OUR COLLEGE GRADUATES ARE FLUENT IN ANOTHER LANGUAGE -- THEN OUR YOUNG PEOPLE ARE BECOMING ESTRANGED FROM THE REST OF THE WORLD AT A VERY EARLY AGE.

THE DEVELOPING WORLD IS SIMPLY TOO IMPORTANT -- AND THE EXISTENCE OF ITS PEOPLE TOO PRECARIOUS -- TO BE NEGLECTED OR MISUNDERSTOOD.